



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-3873  
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE  
AUDITOR-CONTROLLER

MARIA M. OMS  
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS  
JOHN NAIMO  
JUDI E. THOMAS

October 15, 2010

TO: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

SUBJECT: **BARBOUR AND FLOYD MEDICAL ASSOCIATES CONTRACT REVIEW  
– A DEPARTMENT OF MENTAL HEALTH SERVICE PROVIDER**

We completed a program and fiscal contract compliance review of Barbour and Floyd Medical Associates (Barbour and Floyd or Agency), a Department of Mental Health (DMH) service provider. The purpose of our review was to determine whether Barbour and Floyd complied with its contract terms and appropriately accounted for and spent DMH program funds providing the services outlined in their County contract. Services include interviewing program clients, assessing their mental health needs, and developing and implementing a treatment plan.

DMH paid Barbour and Floyd approximately \$2 million a year for services during Fiscal Years (FY) 2008-09 and 2009-10. The Agency's office is located in the Second District.

**Results of Review**

Barbour and Floyd staff assigned to the County contract possessed the required qualifications and the Agency maintained adequate controls over cash and liquid assets. However, the Agency charged DMH \$22,378 in questioned costs and did not always comply with other County contract requirements. Specifically, Barbour and Floyd:

- Billed DMH \$4,703 for 2,286 (36%) of the 6,413 service minutes sampled without adequate documentation to support billings.  
*Barbour and Floyd's attached response indicates that they will repay DMH \$4,703.*

- Charged DMH \$9,577 (\$6,183 + \$2,760) for program expenditures without adequate supporting documentation.

*Barbour and Floyd's attached response indicates that they will reduce their FY 2008-09 cost report by \$6,817 and reduce their FY 2009-10 program expenditures by \$2,760.*

- Did not complete some elements of the participants' Assessments, Client Care Plans, Progress Notes and Informed Consents in accordance with the County contract.

*Barbour and Floyd's attached response indicates that they will provide additional training for the staff in the areas of Assessment, Client Care Plans and Progress Notes and use the modified Informed Consent form.*

We have attached the details of our review along with recommendations for corrective actions.

#### **Review of Report**

We discussed the results of our review with Barbour and Floyd and DMH. At the exit meeting, Barbour and Floyd requested technical training from our office on how to improve their DMH program services and ensure that they comply with County contract requirements. We are scheduled to provide training on December 7, 2010. In addition, in the attached response, the Agency concurred with our recommendations and agreed to repay DMH \$4,703 and reduce their FY 2008-09 Cost Report and FY 2009-10 program expenditures by \$6,817 and \$2,760, respectively. DMH will follow-up to ensure that the recommendations are implemented.

We thank Barbour and Floyd management for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253 -0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer  
Dr. Marvin J. Southard, Director, Department of Mental Health  
Dr. Jack Barbour, Co-Director, Barbour and Floyd Medical Associates  
Dr. Reta Floyd, Co-Director, Barbour and Floyd Medical Associates  
Public Information Office  
Audit Committee

**DEPARTMENT OF MENTAL HEALTH  
BARBOUR AND FLOYD MEDICAL ASSOCIATES  
FISCAL YEAR 2008-09 and 2009-10**

**BACKGROUND/PURPOSE**

The Department of Mental Health (DMH) contracts with Barbour and Floyd Medical Associates (Barbour and Floyd or Agency), a private, for-profit, community-based organization that provides services to clients in Service Planning Area 6. Services include interviewing program clients, assessing their mental health needs, and developing and implementing a treatment plan.

The purpose of our review was to determine whether Barbour and Floyd complied with its contract terms and appropriately accounted for and spent DMH program funds providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed Agency staff.

**BILLED SERVICES**

**Objective**

Determine whether Barbour and Floyd provided the services billed in accordance with their County contract with DMH.

**Verification**

We selected 45 billings totaling 6,413 minutes from 98,923 service minutes of approved Medi-Cal billings for September and October 2009, which were the most current billings available at the time of our review (June 2010). We reviewed the Assessments, Client Care Plans, Progress Notes and Informed Consents maintained in the clients' charts for the selected billings. The 6,413 minutes represent services provided to 15 program participants.

**Results**

Barbour and Floyd did not adequately document 2,286 (36%) of the 6,413 service minutes sampled which totaled \$4,703 in billings. Specifically, Barbour and Floyd billed DMH:

- \$1,957 for 1,060 service minutes without documenting the staff's specific contribution or intervention.
- \$2,161 for 876 service minutes without documentation to support the services billed. A similar finding was also noted during our prior monitoring review.

- \$585 for 350 service minutes provided to a client in jail, which was not billable services in accordance with the County contract.

In addition, Barbour and Floyd did not always complete some elements of the Assessments, Client Care Plans, Progress Notes and Informed Consent in accordance with the County contract.

### Assessments

Barbour and Floyd did not complete Assessments for six (40%) of the 15 clients sampled in accordance with the County contract. Specifically:

- Five Assessments did not adequately describe the symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) to support the given diagnosis. The County contract requires agencies to follow DSM when diagnosing clients.
- One chart did not contain an Annual Assessment Update. The County contract requires agencies to assess clients' needs annually to ensure that services continue to be necessary.

### Client Care Plans

Barbour and Floyd did not complete Client Care Plans for two (13%) of the 15 clients sampled in accordance with the County contract. Specifically, the Client Care Plans did not contain the clients' signatures. A similar finding was also noted during our prior monitoring review.

### Progress Notes

The Agency did not complete five (11%) of the 45 Progress Notes in accordance with the County contract. Specifically, the Progress Notes for the Medication Support Services did not indicate that the clients were questioned about side effects, responses to medication and medication compliance.

### Informed Consent

Barbour and Floyd did not maintain Information Consent in accordance with the County contract in seven (70%) of the ten client charts sampled, in which the client received treatment with psychotropic medication. Specifically:

- Five Informed Consents did not contain the names of the psychotropic medication discussed with the clients.
- Two Informed Consents were not updated annually as required. A similar finding was also noted during our prior monitoring review.

**Recommendations****Barbour and Floyd management:**

1. Repay DMH \$4,703.
2. Maintain sufficient documentation to support the service minutes billed to DMH.
3. Ensure that Assessments, Client Care Plans, Progress Notes and Informed Consent are completed in accordance with the County contract.
4. Ensure that Informed Consent is obtained and documented in the client's chart in accordance with the County contract.

**STAFFING LEVELS****Objective**

Determine whether the Agency maintained the appropriate staffing ratios for applicable services.

We did not perform test work in this section, as the Agency did not provide services that require staffing ratios for this particular program.

**Recommendation**

None.

**STAFFING QUALIFICATIONS****Objective**

Determine whether Barbour and Floyd treatment staff possessed the required qualifications to provide the services.

**Verification**

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for ten of the 19 Barbour and Floyd treatment staff who provided services to DMH clients during September and October 2009.

**Results**

Each employee in our sample possessed the qualifications required to deliver the services billed.

**Recommendation**

None.

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenue were properly recorded in the Agency's financial records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash and other liquid assets.

**Verification**

We interviewed Barbour and Floyd's management and reviewed the Agency's financial records. We also reviewed the Agency's bank reconciliation for April 2010.

**Results**

The Agency maintained adequate controls to ensure that revenue, cash and liquid assets were properly recorded and deposited in a timely manner.

**Recommendation**

None.

**COST ALLOCATION PLAN****Objective**

Determine whether Barbour and Floyd's Cost Allocation Plan is prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

**Verification**

We reviewed the Agency's Cost Allocation Plan and selected 13 shared expenditures totaling \$13,269 to ensure that the expenditures were appropriately allocated to the Agency's programs.

**Results**

Barbour and Floyd's Cost Allocation Plan was prepared in compliance with the County contract and appropriately allocated their shared expenditures.

**Recommendation**

**None.**

**EXPENDITURES****Objective**

Determine whether program expenditures were allowable under the County contract, properly documented and accurately charged to the DMH program.

**Verification**

We reviewed financial records and documentation to support 30 non-payroll expenditure transactions totaling \$95,697 charged to the DMH program between December 2008 and April 2010.

**Results**

Barbour and Floyd charged DMH \$9,577 in questioned costs. Specifically, Barbour and Floyd charged DMH:

- \$6,183 in Fiscal Year (FY) 2008-09 for accounting and interest expenditures without supporting documentation.
- \$634 and \$2,760 in FYs 2008-09 and 2009-10, respectively, for client related program expenditures without itemized receipts or documentation to support that the clients benefited from the expenditures.

During the contract year, DMH pays Barbour and Floyd a negotiated rate for their cost-reimbursement contract. At the end of the contract year, if the Agency's revenues exceed the actual expenditures on their Cost Report, the Agency must repay DMH for the excess amount received.

**Recommendations****Barbour and Floyd management:**

5. **Provide supporting documentation for the \$6,817 (\$6,183 + \$634) in unsupported costs or reduce the FY 2008-09 Cost Report.**

6. Provide supporting documentation for the \$2,760 in unsupported expenditures or reduce their FY 2009-10 program expenditures.
7. Ensure that program expenditures are supported by adequate documentation.

### **FIXED ASSETS**

#### **Objective**

Determine whether fixed assets depreciation costs charged to DMH were allowable under the County contract, properly documented and accurately billed.

We did not perform test work in this area, as Barbour and Floyd charged DMH immaterial amount (less than \$300) of depreciation costs during FY 2008-09.

#### **Recommendation**

None.

### **PAYROLL AND PERSONNEL**

#### **Objective**

Determine whether payroll expenditures were appropriately charged to the DMH program. In addition, determine whether personnel files are maintained as required.

#### **Verification**

We traced the payroll expenditures totaling \$46,965 for 13 employees to the payroll records and time reports for the pay periods ending March 31 and April 15, 2010. We also interviewed nine employees and reviewed personnel files for the 13 employees.

#### **Results**

Generally, Barbour and Floyd's payroll expenditures were appropriately charged to the DMH program. In addition, the Agency maintained personnel files as required.

#### **Recommendation**

None.



**COST REPORT****Objective**

Determine whether Barbour and Floyd's FY 2008-09 Cost Report reconciled to the Agency's accounting records.

**Verification**

We traced the Agency's FY 2008-09 Cost Report to the Agency's accounting records.

**Results**

Barbour and Floyd's Cost Report reconciled to the Agency's accounting records.

**Recommendation**

None.

**PRIOR YEAR FOLLOW-UP****Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

**Verification**

We verified whether the outstanding recommendations from FY 2005-06 monitoring review were implemented. The report was issued on October 20, 2006.

**Results**

The prior monitoring report contained six recommendations. Barbour and Floyd implemented one recommendation, did not implement four recommendations, and one recommendation is no longer applicable. As previously indicated, the four outstanding recommendations related to Recommendations 2 and 3 contained in this report.

**Recommendation**

8. Barbour and Floyd management implement the outstanding recommendations from the prior monitoring report.

## **BARBOUR & FLOYD MEDICAL ASSOCIATES**

---

2610 INDUSTRY WAY, SUITE A  
LYNWOOD, CA 90262

Phone: (310) 631-8004  
Fax: (310) 631-5875

September 7, 2010

Wendy L. Watanabe, Auditor - Controller  
County of Los Angeles – Department of Auditor-Controller  
500 West Temple Street, Room 525  
Los Angeles, CA 90012-3873

RE: Barbour & Floyd Medical Associates Contract Compliance Review Response

This letter is in response to the Contract Compliance Review that occurred June 2010 for the Barbour & Floyd Medical Associates program services.

We appreciated the efficiency and professionalism with which the Auditor Controller staff conducted the contract compliance review.

Below are listed the Auditor - Controller recommendations and the agency's plan to address the recommendations.

### Billed Services

1. Barbour & Floyd Medical Associates will repay DMH \$4,703
2. Barbour & Floyd Medical Associates has a written policy requiring administrative support staff cross check notes to daily services logs prior to their submission to the agency IS department for data entry. The "crosschecking" is to ensure notes are present for services billed, that date, services delivery time, procedure code and other such fundamentals are consistent between the note and daily services log. We have trained an additional administrative support staff person to assist with the crosschecking of notes to daily services prior to submission to IS Department for data entry. We believe by increasing the number of staff conducting this type of review we can catch and correct errors prior to submission for billing. The Program Director is responsible for the oversight of the process and for ensuring the quality of the document meets clinical standards.
3. Barbour & Floyd Medical Associates will schedule additional training for its staff in the areas of Assessment, CCCP and Progress note completion. Additionally, the agency will change the timeliness of its monitoring of Assessment, Annual Assessment Update and CCCP completion so as to provide more immediate feedback to staff on areas needing improvement.
4. Barbour & Floyd Medical Associates has already modified its Informed Consent to provide space for the name of the psychotropic medication. The new form has been reviewed with the program psychiatrists. Nursing staff will work with the psychiatrist to ensure Informed Consents are updated annually.

Barbour & Floyd Medical Associates  
Contract Compliance Review Response

Page 2 of 2

Staffing Qualifications

We are pleased that no recommendations were made.

Cash/Revenue

We are pleased that no recommendations were made.

Cost Allocation Plan:

We are pleased that no recommendations were made.

Expenditures

5. We will resubmit and reduce the FY 2008-09 Cost Report by \$6,817.
6. We will reduce the FY 2009-10 Cost Report expenses by \$2,760.
7. Although we believe that proper controls are in place, we will strive to be more diligent in retaining adequate documentation for transactions in the future.

Fixed Assets

We are pleased that no recommendations were made.

Payroll and Personnel

We are pleased that no recommendations were made.

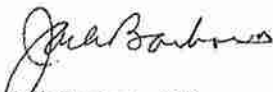
Cost Report

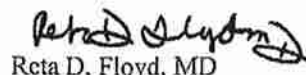
We are pleased that no recommendations were made.

Prior Year Follow-Up

8. Barbour & Floyd Medical Associates will continue to implement corrections from previous Contract Review

Sincerely,

  
Jack Barbour, MD  
Co-Director

  
Reta D. Floyd, MD  
Co-Director